

Message Text

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ACTION FS-01

INFO OCT-01 AF-10 EUR-12 ISO-00 ABF-01 PER-01 OPR-02
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FM AMEMBASSY ACCRA
TO SECSTATE WASHDC 4238
INFO AMEMBASSY PARIS

C O N F I D E N T I A L ACCRA 5094

PARIS FOR RFC

EO 11652: GDS
TAGS: EFIN, GH
SUBJ: CEDI DEVALUATION

REF: ACCRA 4963

1. AS FAR AS WE CAN ASCERTAIN, ONLY ONE BRIEF PUBLIC ANNOUNCEMENT HAS APPEARED REGARDING CHANGE IN VALUATION OF CEDI: ON RADIO GHANA EVENING NEWS JUNE 19. THAT ITEM MENTIONED ADOPTION OF A FLEXIBLE EXCHANGE RATE, ALLEGEDLY NECESSITATED BY WEAKNESS OF US DOLLAR AGAINST OTHER WESTERN CURRENCIES. NO NEWSPAPER HAS MADE ANY ALLUSION TO THIS DEVELOPMENT AND JUNE 19 ORDER TO COMMERCIAL BANKS INSTITUTING NEW SYSTEM, SIGNED BY Y.M. SARPONG, DEPUTY GOVERNOR OF BANK (REFTEL), HAS BEEN CLOSELY HELD. RUMORS CONCERNING ITS EXISTENCE ARE NEVERTHELESS BEGINNING TO CIRCULATE AND PUBLIC IS BECOMING AWARE OF CHANGE IN VALUE OF CEDI THROUGH DAILY PUBLICATION IN PRESS OF APPROVED EXCHANGE RATES BY BANK OF GHANA.

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2. CEDI TODAY QUOTED AT 1.32 TO US DOLLAR.

3. EMBASSY HAS HEARD FROM ONE BANKING SOURCE THAT GOG PLANS GRADUALLY TO PERMIT CEDI TO DROP TO RATE OF 3.15 TO US DOLLAR BY END OF YEAR, BUT WE HAVE NO CONFIRMATION OF THIS. ANOTHER SOURCE INDICATED THAT DEVALUATION WAS DEMANDED BY KUHN,

LOEB AND COMPANY OF NEW YORK AS PREREQUISITE TO
THEIR SENDING FOUR-MEMBER TEAM TO GHANA NEXT
WEEK TO DISCUSS POSSIBLE LARGE-SCALE FINANCIAL
ASSISTANCE TO GOG.

4. COMMENT: PRESUMABLY GOG'S BIZARRE HANDLING OF
SUCH A CRUCIAL ISSUE STEMS FROM EXTREME RELUCTANCE
OF PRESENT REGIME--FOR GOOD HISTORICAL REASONS--
TO BE ASSOCIATED WITH DEVALUATION. THAT WORD
NOWHERE APPEARS IN BANK OF GHANA NOTICE CITED REFTEL
AND IT IS CLEAR FROM MISSION'S CONTACTS WITH
FINANCIAL OFFICERS THAT GOG HAS BANNED ANY USE OF
TERM. WE WOULD BE INTERESTED IN KNOWING HOW AND
WHEN GOG NOTIFIED IMF OF CHANGE IN EXCHANGE RATE
AS REQUIRED BY CHARTER, AND IF ANY INDICATION WAS
GIVEN RE ITS FUTURE POLICY IN THIS REGARD. HOLMES

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NNN

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